



STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

July 22, 2013

The Honorable Kevin Lembo
State Comptroller
55 Elm Street
Hartford, Connecticut 06106

Dear Comptroller Lembo:

The following information on the state's General Fund for fiscal year 2013 is provided in accordance with Section 4-66 of the General Statutes. In addition, an analysis of the Special Transportation Fund is included due to the significant nature of this fund. Consistent with Executive Order No. 1 issued January 5, 2011, these projections reflect the state's estimated year-end balance in accordance with Generally Accepted Accounting Principles (GAAP) as well as an estimated balance from operations on a budgetary basis.

General Fund

We project that the General Fund will close with a \$312.1 million surplus on a GAAP basis, and a \$359.6 million surplus on a budgetary basis, an improvement of \$123.0 million from the amount reported last month. Note that this balance estimate reflects funds carrying forward from FY 2013 into FY 2014 as a result of statutory provisions and recently enacted legislation.

Pursuant to section 58 of Public Act 13-184, \$220.8 million of the budgetary surplus will be reserved for use in the FY 2014 – 2015 biennium, and the remaining surplus will be deposited in the Budget Reserve Fund in accordance with Section 4-30a of the General Statutes. Based on this month's projections, a total of \$138.8 million will be available for transfer to the Budget Reserve Fund, bringing the estimated balance in the fund to \$232.2 million as of June 30, 2013. Given the deficit forecasts issued earlier in the fiscal year, we note that this deposit is a significant accomplishment, and that rebuilding reserves will serve the state well as a contingency against the next economic downturn.

Revenues

Estimated revenues this month are being revised upward by \$88.0 million over last month's forecast. The largest change is in the Personal Income Tax, which has improved by \$55.1 million due to higher than projected collections in the months of May and June. The Corporation tax has been revised upward by \$15.0 million as the tax continues to outperform its target. Final collection information for the fiscal year is reflected in changes to a number of other smaller revenue sources, including increases in Special Revenue Transfers of \$14.3 million, with all other adjustments netting to an increase of \$3.6 million. It should be noted that several significant revenue sources are still being tallied through August 7th as part of the accrual process for FY 2013.

Expenditures

Overall, expenditures are projected to end the year \$133.7 million below the original budget plan, an improvement of \$35.0 million from last month's estimate. Lapses by agency are detailed in Statement 4 of the attached report, and include all funds held back from allotment in accordance with the original budget plan as adjusted by November rescissions and the December deficit mitigation bill. Note that these lapse estimates also include the impact of sums to be carried forward from FY 2013 into FY 2014 in accordance with statutory provisions and public acts 13-184 and 13-247.

Special Transportation Fund

In the Special Transportation Fund, estimated revenues have been revised upward by \$3.9 million, reflecting final collection information. It should be noted that the Motor Fuels Tax is still being tallied through August 7th as part of the accrual process for FY 2013. In total, expenditures will fall \$18.3 million below the original budget plan; lapses by agency are detailed in Statement 4T of the attached report. Overall, an annual operating surplus of \$12.2 million is forecast, and the fund balance on June 30, 2013 is anticipated to be \$158.0 million.

This is our final estimate for fiscal year 2013. It should be noted that while these projections are the best that can be made at this time, some adjustments are expected as part of the year end closing process before final results become available.

Sincerely,

A handwritten signature in black ink, appearing to read "Benjamin Barnes", written in a cursive style.

Benjamin Barnes
Secretary

Summary
July 19, 2013

State of Connecticut
Summary of Changes
General Fund and Special Transportation Fund
Projected to June 30, 2013
As of June 30, 2013
(In Millions)

General Fund

Balance - Prior Month		\$	236.6
Revenues			
Personal Income Tax	55.1		
Corporation	15.0		
Transfers - Special Revenue	14.3		
All Other Changes	<u>3.6</u>		88.0
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	35.0		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>35.0</u>
Estimated Balance - June 30, 2013 - Budgetary Basis ¹		\$	359.6
Conversion to GAAP			<u>(47.5)</u>
Estimated Balance - June 30, 2013 - GAAP Basis		\$	<u>312.1</u>

1. Per P.A. 13-184, Sec. 58, up to \$220,800,000 of any surplus would be reserved for use in the FY 2014 and FY 2015 biennium, with any remaining balance deposited to the Budget Reserve Fund in accordance with Sec. 4-30a, CGS.

Special Transportation Fund

Carry Forward FY 2012 Surplus		\$	145.8
Balance - Prior Month			13.9
Revenues			
Motor Vehicle Receipts	2.4		
Sales Tax - DMV	1.8		
All Other Changes	<u>(0.3)</u>		3.9
Expenditures			
Additional Requirements	0.0		
Estimated Lapses	(5.6)		
Miscellaneous Adjustments/Rounding	<u>0.0</u>		<u>(5.6)</u>
Estimated Balance - June 30, 2013		\$	<u>158.0</u>

State of Connecticut
General Fund
Statement of Revenues, Expenditures, and Results of Operations, GAAP and Budgetary Bases
Projected to June 30, 2013
As of June 30, 2013
(In Millions)

	General Assembly Budget Plan	Revised Estimates OPM	Over/ (Under)
REVENUE			
Taxes	\$ 15,483.8	\$ 15,659.5	\$ 175.7
Less: Refunds	(1,075.6)	(1,149.1)	(73.5)
Taxes - Net	\$ 14,408.2	\$ 14,510.4	\$ 102.2
Other Revenue	1,158.3	1,146.7	(11.6)
Other Sources	3,576.7	3,708.9	132.2
TOTAL Revenue	\$ 19,143.2	\$ 19,366.0	\$ 222.8
OTHER FINANCING SOURCES			
Prior Year Appropriations Continued to FY 2013		\$ 130.4	\$ 130.4
Current Year Appropriations Continued to FY 2014		(107.1)	(107.1)
TOTAL Revenue and Other Financing Sources	\$ 19,143.2	\$ 19,389.3	\$ 246.0
EXPENDITURES			
Current Year Appropriations ¹	\$ 19,256.4	\$ 19,256.4	\$ -
Appropriation Revisions ²		142.0	142.0
Prior Year Appropriations Continued to FY 2013		130.4	130.4
TOTAL Initial and Continued Appropriations	\$ 19,256.4	\$ 19,528.8	\$ 272.4
Net Additional Expenditure Requirements		-	-
Estimated Lapses	(116.3)	(392.0)	(275.7)
Current Year Appropriations Continued to FY 2014		(107.1)	(107.1)
TOTAL Estimated Expenditures	\$ 19,140.1	\$ 19,029.7	\$ (110.4)
Estimated Balance - Budgetary Basis - 6/30/2013 ³	\$ 3.1	\$ 359.6	\$ 356.5
CONVERSION TO GAAP			
Changes in Revenue Accruals		\$ (6.8)	\$ (6.8)
Changes in Expenditure Accruals		(40.7)	(40.7)
Estimated Change in Unassigned General Fund Balance - GAAP Basis		\$ 312.1	\$ 309.0

1. P.A. 12-104, as amended by P.A. 12-1, June Spec. Sess.

2. Deficiency appropriations per P.A. 13-184.

3. Per P.A. 13-184, Sec. 58, up to \$220,800,000 of any surplus would be reserved for use in the FY 2014 and FY 2015 biennium, with any remaining balance deposited to the Budget Reserve Fund in accordance with Sec. 4-30a, CGS.

State of Connecticut
General Fund
Revenue Estimates
Projected to June 30, 2013
As of June 30, 2013
(In Millions)

	General Assembly <u>Budget Plan</u>	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
TAXES			
Personal Income	\$ 8,554.3	\$ 8,719.0	\$ 164.7
Sales and Use	4,046.0	3,856.6	(189.4)
Corporation	793.0	742.0	(51.0)
Public Service Corporations	275.2	278.7	3.5
Inheritance and Estate	166.2	439.5	273.3
Insurance Companies	234.4	260.9	26.5
Cigarettes	411.1	402.1	(9.0)
Real Estate Conveyance	100.3	105.3	5.0
Oil Companies	182.6	167.8	(14.8)
Electric Generation	71.0	70.6	(0.4)
Alcoholic Beverages	59.3	59.3	-
Admissions and Dues	39.6	36.5	(3.1)
Health Provider Tax	530.7	500.0	(30.7)
Miscellaneous	20.1	21.2	1.1
TOTAL - TAXES	\$ 15,483.8	\$ 15,659.5	\$ 175.7
Less: Refunds of Taxes	(950.6)	(1,039.1)	(88.5)
Earned Income Tax Credit	(116.5)	(105.9)	10.6
R & D Credit Exchange	(8.5)	(4.1)	4.4
TOTAL - TAXES - NET	\$ 14,408.2	\$ 14,510.4	\$ 102.2
OTHER REVENUE			
Transfers - Special Revenue	\$ 305.1	\$ 315.5	\$ 10.4
Indian Gaming Payments	336.2	296.4	(39.8)
Licenses, Permits, Fees	258.8	262.1	3.3
Sales of Commodities and Services	34.8	36.3	1.5
Rents, Fines, Escheats	107.7	140.5	32.8
Investment Income	2.8	(0.5)	(3.3)
Miscellaneous	162.9	170.4	7.5
Refunds of Payments	(50.0)	(74.0)	(24.0)
TOTAL - OTHER REVENUE	\$ 1,158.3	\$ 1,146.7	\$ (11.6)
OTHER SOURCES			
Federal Grants	\$ 3,629.0	\$ 3,733.9	\$ 104.9
Transfer from Tobacco Settlement Fund	93.1	93.1	-
Transfers to Other Funds	(145.5)	(118.1)	27.4
TOTAL - OTHER SOURCES	\$ 3,576.7	\$ 3,708.9	\$ 132.2
TOTAL - GENERAL FUND REVENUE	\$ 19,143.2	\$ 19,366.0	\$ 222.8

State of Connecticut - General Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2013
As of June 30, 2013

No Additional Requirements	\$	-
Total	<u>\$</u>	<u>-</u>

Statement 4
July 19, 2013

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2013
As of June 30, 2013

Office of Legislative Management	\$ 8,054,310
Auditors of Public Accounts	986,668
Commission on Aging	12,882
Permanent Commission on the Status of Women	43,769
Commission on Children	15,764
Latino & Puerto Rican Affairs Comm	50,075
African-American Affairs Commission	34,773
Asian Pacific American Affairs Commission	15,995
Governor's Office	238,012
Misc Appropriation to the Governor	1
Secretary of the State	867,282
Lieutenant Governor's Office	229,291
State Treasurer	482,235
State Treasurer - Debt Service	64,070,000
State Comptroller	1,189,127
State Comptroller - Fringe Benefits	70,965,975
Department of Revenue Services	2,468,613
Office of Governmental Accountability	923,664
Office of Policy and Management	3,966,208
Department of Veterans Affairs	646,734
Department of Administrative Services	9,478,818
Workers' Compensation Claims - DAS	77,231
Department of Public Works	84,925
Department of Construction Services	603,053
Attorney General	712,689
Division of Criminal Justice	1,894,235
Dept of Emergency Services and Public Protection	1,148,123
Department of Motor Vehicles	27,103
Military Department	312,915
Department of Consumer Protection	853,443
Department of Labor	2,046,708
Comm-Human Rights & Opportunities	293,172
Office of Protection and Advocacy	192,586
Department of Agriculture	249,527
Department of Energy and Environmental Protection	2,815,607
Council on Environmental Quality	8,670
Dept of Economic and Community Development	4,253,561
Department of Housing	148,727
Agricultural Experiment Station	157,457
Department of Public Health	7,111,599
Office of the Chief Medical Examiner	199,411

Statement 4
July 19, 2013

State of Connecticut
General Fund
Estimated Lapses
Projected to June 30, 2013
As of June 30, 2013

Department of Developmental Services	35,463,319
Dept Mental Health & Addiction Svs	10,584,243
Psychiatric Security Review Board	13,336
Department of Social Services	13,996,372
State Department on Aging	64,894
Department of Rehabilitation	471,556
Department of Education	22,667,409
State Library	555,686
Office of Higher Education	1,914,377
University of Connecticut	10,261,597
Univ of Connecticut Health Center	4,146,894
Teachers' Retirement Board	6,719,871
Board of Regents for Higher Education	14,513,318
Department of Correction	10,874,812
Department of Children and Families	59,546,276
Judicial Department	10,871,619
Public Defender Services Commission	1,368,682
Total	<u><u>\$ 391,965,199</u></u>

State of Connecticut
2012-13 General Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	Updated March 2013	April 2013	May 2013	June 2013
REVENUE	\$19,143.2	\$19,143.2	\$19,193.2	\$19,160.0	\$19,015.1	\$19,013.4	\$18,979.5	\$18,979.5	\$18,973.0	\$19,220.1	\$19,220.1	\$19,278.0	\$19,366.0
Appropriations ²	19,256.4	19,256.4	19,256.4	19,256.4	19,256.4	19,256.4	19,256.4	19,256.4	19,256.4	19,256.4	19,256.4	19,398.4	19,398.4
Additional Requirements	0.0	0.0	100.0	100.0	294.1	309.1	337.9	337.6	314.4	306.3	299.2	0.0	0.0
Less: Estimated Lapses	(116.3)	(116.3)	(136.3)	(136.3)	(170.4)	(300.1)	(550.4)	(558.8)	(564.2)	(540.2)	(547.8)	(357.0)	(392.0)
TOTAL - Estimated Expenditures	19,140.1	19,140.1	19,220.1	19,220.1	19,380.1	19,265.4	19,043.9	19,035.2	19,006.6	19,022.5	19,007.8	19,041.4	19,006.4
Balance from Operations	3.1	3.1	(26.9)	(60.1)	(365.0)	(252.0)	(64.4)	(55.7)	(33.6)	197.6	212.3	236.6	359.6
Misc. Adjustments/Rounding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Est. Balance 6/30/13 - Budgetary Basis ³	\$3.1	\$3.1	(\$26.9)	(\$60.1)	(\$365.0)	(\$252.0)	(\$64.4)	(\$55.7)	(\$33.6)	\$197.6	\$212.3	\$236.6	\$359.6
Conversion to GAAP		(50.0)	(47.5)	(47.5)	(47.5)	(47.5)	(47.5)	(47.5)	(47.5)	(\$47.5)	(\$47.5)	(\$47.5)	(\$47.5)
Est. Balance 6/30/13 - GAAP Basis		(\$46.9)	(\$74.4)	(\$107.6)	(\$412.5)	(\$299.5)	(\$111.9)	(\$103.2)	(\$81.1)	\$150.1	\$164.8	\$189.1	\$312.1

1. P.A. 12-104, as amended by P.A. 12-1, June Spec. Sess.

2. Adjustments reflect deficiency appropriations per P.A. 13-184.

3. Per P.A. 13-184, Sec. 58, up to \$220,800,000 of any surplus would be reserved for use in the FY 2014 and FY 2015 biennium, with any remaining balance deposited to the Budget Reserve Fund in accordance with Sec. 4-30a, CGS.

Statement 1T
July 19, 2013

State of Connecticut
Special Transportation Fund
Analysis of Budget Plan
Projected to June 30, 2013
As of June 30, 2013
(In Millions)

	General Assembly <u>Budget Plan</u> ^{1.}	Revised Estimates <u>OPM</u>	Over/ <u>(Under)</u>
Surplus Carried Forward from FY 2012 ^{2.}	\$ 145.3	\$ 145.8	\$ 0.5
REVENUE			
Taxes	\$ 773.3	\$ 774.2	\$ 0.9
Less: Refunds of Taxes	<u>(7.8)</u>	<u>(6.1)</u>	<u>1.7</u>
Taxes - Net	765.5	768.1	2.6
Other Revenue	<u>468.2</u>	<u>458.5</u>	<u>(9.7)</u>
TOTAL - Revenue	<u>\$ 1,233.7</u>	<u>\$ 1,226.6</u>	<u>\$ (7.1)</u>
EXPENDITURES			
Appropriations	\$ 1,243.7	\$ 1,243.7	\$ -
Net Additional Requirements	-	-	-
Less: Estimated Lapses	<u>(11.0)</u>	<u>(29.3)</u>	<u>(18.3)</u>
TOTAL - Expenditures	<u>\$ 1,232.7</u>	<u>\$ 1,214.4</u>	<u>\$ (18.3)</u>
Balance from Operations	\$ 1.0	\$ 12.2	\$ 11.2
Miscellaneous Adjustments	<u>-</u>	<u>-</u>	<u>-</u>
Estimated Balance - June 30, 2013	<u>\$ 146.3</u>	<u>\$ 158.0</u>	<u>\$ 11.7</u>

1. P.A. 12-104, as amended by P.A. 12-1, June Spec. Sess.

2. Budget plan as estimated by the Office of Policy and Management. Revised estimates per the Comptroller's Sept. 4, 2012 letter.

Statement 2T
July 19, 2013

State of Connecticut
Special Transportation Fund
Revenue Estimates
Projected to June 30, 2013
As of June 30, 2013
(In Millions)

	<u>General Assembly Budget Plan</u>	<u>Revised Estimates OPM</u>	<u>Over/ (Under)</u>
TAXES			
Motor Fuels	\$ 497.5	\$ 495.8	\$ (1.7)
Oil Companies	199.4	199.4	-
Sales Tax DMV	76.4	79.0	2.6
TOTAL - TAXES	<u>773.3</u>	<u>774.2</u>	<u>0.9</u>
Less: Refunds of Taxes	(7.8)	(6.1)	1.7
TOTAL - TAXES - NET	<u>\$ 765.5</u>	<u>\$ 768.1</u>	<u>\$ 2.6</u>
OTHER REVENUE			
Motor Vehicle Receipts	\$ 233.4	\$ 234.5	\$ 1.1
Licenses, Permits, Fees	137.9	138.0	0.1
Interest Income	6.0	3.1	(2.9)
Federal Grants	13.1	12.4	(0.7)
Transfers (To)/From Other Funds	81.2	73.7	(7.5)
Refunds of Payments	(3.4)	(3.2)	0.2
TOTAL - OTHER REVENUE	<u>\$ 468.2</u>	<u>\$ 458.5</u>	<u>\$ (9.7)</u>
TOTAL - SPECIAL TRANSPORTATION FUND REVENUE	\$ 1,233.7	\$ 1,226.6	\$ (7.1)

Statement 3T
July 19, 2013

State of Connecticut
Special Transportation Fund
Appropriation Adjustments - Net Additional Requirements
Projected to June 30, 2013
As of June 30, 2013

No Additional Requirements	\$	-
Total	<u>\$</u>	<u>-</u>

Statement 4T
July 19, 2013

State of Connecticut
Special Transportation Fund
Estimated Lapses
Projected to June 30, 2013
As of June 30, 2013

Department of Administrative Services	\$ 1,063,417
Workers' Compensation Claims - DAS	145,008
Department of Motor Vehicles	710,881
Department of Transportation	1,380,823
OSC - Fringe Benefits	6,648,448
OTT - Debt Service	19,400,000
Total	<u>\$ 29,348,577</u>

State of Connecticut
2012-13 Special Transportation Fund
Summary of Operations Per Letter to the Comptroller
(In Millions)

	Budget Plan ¹	July 2012	August 2012	September 2012	October 2012	November 2012	December 2012	January 2013	February 2013	Updated March 2013	April 2013	May 2013	June 2013
Beginning Balance ²	\$ 145.3	\$ 145.3	\$ 145.8	\$ 145.8	\$ 145.8	\$ 145.8	\$ 145.8	\$ 145.8	\$ 145.8	\$ 145.8	\$ 145.8	\$ 145.8	\$ 145.8
Revenue	1,233.7	1,233.7	1,233.7	1,231.7	1,234.6	1,234.6	1,227.7	1,227.7	1,227.7	1,222.7	1,222.7	1,222.7	1,226.6
Total Available	1,379.0	1,379.0	1,379.5	1,377.5	1,380.4	1,380.4	1,373.5	1,373.5	1,373.5	1,368.5	1,368.5	1,368.5	1,372.4
Appropriations	1,243.7	1,243.7	1,243.7	1,243.7	1,243.7	1,243.7	1,243.7	1,243.7	1,243.7	1,243.7	1,243.7	1,243.7	1,243.7
Additional Requirements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: Estimated Lapses	(11.0)	(11.0)	(11.0)	(13.0)	(13.0)	(19.4)	(28.8)	(29.2)	(30.7)	(36.0)	(44.2)	(34.9)	(29.3)
TOTAL - Estimated Expenditures	1,232.7	1,232.7	1,232.7	1,230.7	1,230.7	1,224.3	1,214.9	1,214.5	1,213.0	1,207.7	1,199.5	1,208.8	1,214.4
Balance from Operations	1.0	1.0	1.0	1.0	3.9	10.3	12.8	13.2	14.7	15.0	23.2	13.9	12.2
Compt's Misc. Adjustments/Rounding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Estimated Balance 6/30/13	\$146.3	\$146.3	\$146.8	\$146.8	\$149.7	\$156.1	\$158.6	\$159.0	\$160.5	\$160.8	\$169.0	\$159.7	\$158.0

1. P.A. 12-104, as amended by P.A. 12-1, June Spec. Sess.

2. Budget Plan and the month of July as estimated by the Office of Policy and Management. August and thereafter per the Comptroller's September 4, 2012 Letter.